



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
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SEP 29 2006

ACQUISITION  
TECHNOLOGY  
AND LOGISTICS

Ms. Cecilia Coates  
Director  
Office of Program Management and Policy  
U.S. Department of State  
2201 C Street NW  
SA-15, Rom 250  
Washington, D.C. 20522-1502

Dear Ms. Coates,

This letter is to inform you that the Department of Defense (DoD) is beginning the process indicated in the letter from the Military Postal Service Agency (MPSA), dated May 30, 2006 (enclosed) to transfer 17 Diplomatic Post Offices for "direct billing" by U.S. Postal Service (USPS) to the Department of State (DoS) effective October 1, 2006.

DoD will request USPS to begin billing DoS directly for the 17 agreed upon locations effective October 1, 2006. This step will remove DoD from computing DoS billing. In addition, DoS should plan for USPS "direct billing" for the remaining post offices at Embassy and Consulate locations to transfer by October 1, 2007. I hope this approach will provide you sufficient time to sort out the details of the "direct billing" process with your Foreign Affairs Community and MPSA.

My point of contact for this matter is Lt Col Donna Johnson at (703) 601-4461, ext. 10.

Sincerely,

Earl B. Boyanton, Jr  
Assistant Deputy Under Secretary  
(Transportation Policy)

Enclosure:  
MPSA letter

cc:  
Director MPSA





## ENCLOSURE 1

DEPARTMENT OF THE ARMY  
MILITARY POSTAL SERVICE AGENCY  
2461 EISENHOWER AVENUE  
ALEXANDRIA VA 22331-0006

May 30, 2006

Department of State  
Director, Diplomatic Pouch and N  
Attn: Timothy Keitz  
Washington, DC 20520

Dear Mr. Keitz

This correspondence is in reference to your April 7, 2006, letter regarding a number of our important initiatives that will have a potential impact on Department of State (DOS) staffing, budget, and significant procedural changes. It is encouraging to see that our staffs have been communicating on these issues since your attendance at the April 8, 2005, meeting with our staff United States Postal Service (USPS) Headquarters, and Service bill payers on the new USPS direct billing system and FY04 closeout.

As briefed at the meeting referenced above, USPS has initiated a new "direct billing" system that will bill mail transportation costs by ZIP Code. Military Postal Service Agency (MPSA) will advise USPS on the post offices that predominantly serve DOS customers at Embassies and Consulates worldwide (Attachment 1) for direct billing to DOS. The locations were agreed to by DOS in a meeting held with your representative, Mr. Francis and two of my staff members, Mr. DeDomenic and Mr. Contreras, on May 3, 2005. Recommend you plan accordingly for FY07, since this will result in DOS receiving mail transportation costs directly from USPS.

Regarding conversion of existing non-DoD APOs/FPOs to Diplomatic Post Offices (DPO), with immediate emphasis on APOs/FPOs located in South America, the sense of urgency on this matter cannot be overstated. DoD currently expends staff support, manning assistance, postal audits/inspections, and even financial liability for DOS post offices in South America. As such, these conversions will appropriately transfer these responsibilities back to DOS.

The transfer of non-DoD Agency billing for second destination transportation charges for APO/FPO service from MPSA to DOS, is consistent with USPS directly billing DOS, as mentioned above. MPSA will provide the methodology used for your future use, as agreed by DoD/DOS, September 27, 2000 (Attachment 2), using biennial weight-based assessment.

DOS should coordinate immediately with USPS to directly pay all transportation bills beginning in FY07, thus eliminating DoD as the "middleman." This should include: non-DoD agency expenses, providing all staff support, manning assistance, postal audits/inspections, and financial losses at all DOS locations. Execution of the above factors should not be hindered by the lack of a formal agreement between DOS and USPS.

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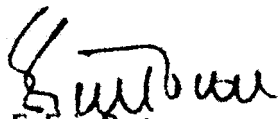
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The issue of the possibility that some portions of MPSA will be privatized involves a concept introduced by the Defense Business Board (DBB) to reduce DoD infrastructure on tasks that could be accomplished by commercial industry, so DoD personnel could focus on "functional/core" missions. The intent was to reduce DoD infrastructure in the Military Postal Service vice MPSA, as stated in your letter. The DoD Postal Oversight Board has directed a Request for Information be initiated on ways to improve global mail operations. DoD's operational missions necessitates a requirement to maintain the personnel (military or DoD civilian) structure to establish contingency theaters and oversee contractors.

Finally, an initiative to begin screening APO/FPO mail for chemical, radiological, and biological hazards at key locations is a result of a Senate Armed Services Committee's bill signed into law on January 6, 2006. This requires DoD to develop a plan to screen DoD mail for Chemical, Biological, Radiological, and Explosives. The DoD lead on this initiative is the Joint Program Executive Office for Chemical Biological Defense and their report was submitted to Congress on May 6, 2006.

Your assistance in helping to make this transition, especially now with the emerging technology available from USPS, will be greatly appreciated and will meet the spirit and intent of the DBB's guidance to allow DoD to focus more on DoD "core tasks." My point of contact is Mr. Simon Contreras at (703) 325-8600, or via email at [simon.contreras@hqda.army.mil](mailto:simon.contreras@hqda.army.mil)

*Thanks  
for your  
Support*



E. Eric Porter  
Brigadier General, U.S. Army  
Executive Director

Enclosures